AGREEMENT BETWEEN THE GOVERNMENT OF THE RUSSIAN FEDERATION AND THE GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA ABOUT PROMOTION AND MUTUAL PROTECTION OF INVESTMENTS

The Russian Government and the Government of the Republic of South Africa, hereinafter referred to as the Contracting Parties,

Desiring to create favorable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party,

Recognizing that the promotion and reciprocal protection of investments under this Agreement will contribute to the development of mutually beneficial torgovoekonomicheskogo, scientific and technical cooperation, we have agreed as follows:

Article 1. Definitions

For the purposes of this Agreement:

1. "Investor of a Contracting Party" means, in respect of each Contracting Party:

a) any natural person who is a citizen of that Contracting Party and shall be entitled in accordance with the laws of the Contracting Party to make investments in the territory of the other Contracting Party;

b) any legal entity created or organized under the laws of that Contracting Party, provided that the legal person is entitled under the law of the Contracting Party to make investments in the territory of the other Contracting Party.

2. "Investment" means every kind of asset, invested by an investor of one Contracting Party in the territory of the other Contracting Party in accordance with the latest legislation, and in particular:

a) movable and immovable property, and related property rights;

b) shares, stocks and other forms of participation in commercial enterprises and companies;

c) on cash requirements, which are invested to create economic value, or services having an economic value associated with an investment;

d) exclusive rights to intellectual property (copyrights, patents, industrial designs, models, trademarks, service marks, technology, information having a commercial value, and know-how);

e) rights to engage in economic and commercial activities, conferred by law or contract, including, in particular, related to the exploration, development, production and exploitation of natural resources,

No change in the form in which assets are invested or reinvested shall not affect the nature of the investment, provided that such a change does not contradict the legislation of the Contracting Party in whose territory the investments were made.

3. "Proceeds" means the amounts yielded by an investment in accordance with paragraph 2 of this article, and includes, in particular: profits, dividends, interest, capital gains, royalties, license and other fees.

4. "territory of a Contracting Party" means the territory of the Russian Federation or the territory of the Republic of South Africa, and includes their respective exclusive economic zone and continental shelf as defined in the UN Convention on the Law of the Sea 1982

5. "The law of the Contracting Party" means the laws of the Russian Federation, rules and regulations, or South Africa.

Article 2. Promotion and Protection of Investments

1. Each Contracting Party shall encourage investors of the other Contracting Party to make investments in its territory and admit such investments in accordance with its legislation.

2. Each Contracting Party shall guarantee to investors of the other Contracting Party in accordance with its law, full protection of investments of investors of the other Contracting Party.

Article 3. Investment Regime

1. Each Contracting Party shall ensure in its territory investments made by investors of the other Contracting Party, and activities in connection with such investments fair and equitable treatment, excludes the application of discriminatory measures that would impede the management and disposal of investments.

2. Referred to in paragraph 1 of this article mode, must be no less favorable than that provided to investments and activities in connection with such investments of its own investors or investors of a third State.

3. Each Contracting Party reserves the right to determine economic sectors and activities, which exclude or restrict the activities of foreign investors. If a Contracting Party provides special advantages for the development of financial institutions with foreign capital, the Contracting Party shall not be obliged to provide such benefits to the development of financial institutions or other investors of the other Contracting Party.

4. Most-favored-nation treatment granted in accordance with paragraph 2 of this Article shall not apply to the advantages which the Contracting Party is providing or will provide in the future:

a) in connection with participation in a free trade area, customs or economic union, a common market, any similar international agreement or similar interim agreement;

b) by virtue of agreements between the Russian Federation and the countries of the former Union of Soviet Socialist Republics;

c) on the basis of agreements to avoid double taxation or other agreements on taxation;

d) by virtue of any law or measures used in South Africa to promote the achievement of equality in its territory, the protection or promotion of natural or legal persons or categories of persons exposed to discrimination in its territory.

Article 4. Key Personnel

1. The Contracting Party in accordance with its legislation concerning the entry and temporary stay of natural persons who are not its citizens, permit natural persons who are investors of the other Contracting Party, and key personnel employed by companies of that Contracting Party to enter and remain in its territory to implement activities related to the investment.

2. The Contracting Party in accordance with its laws permit investors of the other Contracting Party, carried out the investments in the territory of the first Contracting Party to employ any key person of their choice, regardless of nationality, provided that such key person has received authorization to entry, temporary stay and work in the territory of the former Contracting Party and that the work complies with the conditions and time limits of the permission granted to such key personnel permit.

Article 5. Transparency

Each Contracting Party shall, in order to facilitate the understanding of its laws relating to or affecting investment, carried out by investors of the other Contracting Party in its territory, ensure openness and accessibility of such laws.

Article 6. Expropriation

1. Investments of investors of one Contracting Party made in the territory of the other Contracting Party shall not be subject to expropriation, nationalization or other measures equivalent to expropriation or nationalization (hereinafter referred to as "expropriation"), except in cases where such measures are taken in the public interest by legislation, they are not discriminatory and entail the payment of prompt, adequate and effective compensation.

2. The compensation shall correspond to the real market value of the expropriated investment immediately before the date

when the official was aware of the actual or impending expropriation. Compensation shall be paid without undue delay in a freely convertible currency and translated freely. Up to the date of payment of the amount of compensation will bear interest at the interest rate applicable in the territory in which the investments were made.

3. Confiscation and seizure may be carried out only in accordance with the procedure provided for by the legislation of the Contracting Parties.

Article 7. Damages

Investors of one Contracting Party whose investments suffer losses in the territory of the other Contracting Party owing to war, civil unrest or other similar circumstances, shall be accorded treatment no less favorable than that which the latter Contracting Party shall accord to investors of a third State in respect of any action which it has taken in connection with such damage.

Article 8. Transfer of Payments

1. Each Contracting Party shall in accordance with its

Legislation guarantees the investors of the other Contracting Party, after fulfillment of all tax obligations, a free transfer abroad of payments in connection with the investments, and in particular:

a) the initial capital and additional amounts, carried out in order to maintain and increase investments;

b) income;

c) the amounts in repayment of loans, recognized by both Contracting Parties as investments;

d) amounts received in connection with the partial or total liquidation or sale of investments;

e) compensation provided for in articles 6 and 7 of this Agreement;

f) About salaries and other remuneration received by key personnel of the other Contracting Party who are allowed to work in connection with investments in the territory of the first Contracting Party.

2. Transfers of payments are made without delay in a freely convertible currency at the rate applicable on the date of transfer in accordance with the foreign exchange regulations of the Contracting Party in whose territory the investments were made.

Article 9. Subrogation

Contracting Party or its designated agency, which made a payment to the investor on the basis of guarantees against non-commercial risks in connection with its investment in the territory of the other Contracting Party will be able to exercise by subrogation the right of the investor to the same extent as the investor. These rights shall be exercised in accordance with the legislation of the latter Contracting Party.

Article 10. Settlement of Disputes between a Contracting Party and an Investor of the other Contracting Party

1. In the event of any dispute between a Contracting Party and an investor of the other Contracting Party arising in connection with an investment, including disputes relating to the size, conditions, or order the payment of compensation, in accordance with Articles 6 and 7 of this Agreement, or order the transfer payments under article 8 of this Agreement, a written notice is served, accompanied by a detailed commentary that investor to the Contracting Party involved in the dispute. The parties to the dispute shall endeavor to settle such dispute by negotiation if possible.

2. If in this way the dispute can not be settled within six months from the date of the written notice referred to in paragraph 1 of this article, it is at the option of the investor shall be submitted to:

a) the competent court or tribunal of the Contracting Party in whose territory the investments were made;

b) The Arbitration Institute of the Stockholm Chamber of Commerce;

c) the arbitration court ah hoc in accordance with the Arbitration Rules of the International Trade Law of the United Nations Commission (UNCITRAL).

3. The arbitration award shall be final and binding on both parties to the dispute. Each Contracting Party undertakes to ensure the execution of such a decision in accordance with its legislation.

Article 11. Settlement of Disputes between the Contracting Parties

1. Disputes between the Contracting Parties concerning the interpretation or application of this Agreement shall be settled, if possible, by negotiation.

2. If such a way is not settled within six months from the beginning of negotiations, at the request of either Contracting Party, he referred to the arbitral tribunal.

3. Such an arbitral tribunal shall be constituted for each individual case as follows. Each Contracting Party shall appoint one member of the arbitration tribunal within two months from the date of receipt of the notification of the arbitration proceedings. Then, these two members shall select a national of a third State, who on approval of the two Contracting Parties shall be appointed Chairman of the arbitral tribunal within a month from the date of appointment of the other two members.

4. If within the periods specified in paragraph 3 of this Article, the necessary appointments have not been made, in the absence of other agreement, either Contracting Party may request the International Court of Justice (the "ICJ") with a request to make such appointments. If the President of the MS is a national of either Contracting Party or is otherwise unable to discharge the said function, then make the necessary appointments proposed MS Vice Chairman. If the Vice-Chairman of the IPU is also a citizen of the State of either Contracting Party or is otherwise unable to discharge the said function, then make the necessary appointments offered to the next-highest member of the MS after him, which is not a national of either Contracting Party.

5. The arbitral tribunal shall render its decision by majority vote. This decision is final and binding on the Contracting Parties. Each Contracting Party shall bear the expenses related to the activities of its own appointed member of the tribunal and of its representation in the arbitration proceedings; costs associated with the arbitration court Chairman and other expenses The Contracting Parties shall bear in equal shares. However, the Court may in its decision that one of the Contracting Parties shall bear a larger share of spending, and such decision shall be binding on both Contracting Parties. The arbitral tribunal shall determine its own procedure.

Article 12. Consultations

The Contracting Parties shall at the request of any of them, shall hold consultations on matters relating to the interpretation or application of this Agreement.

Article 13. Application of the Agreement

This Agreement shall apply to all investments made by investors of either Contracting Party in the territory of the other Contracting Party from 1 January 1987 year.

Article 14. Entry Into Force, Amendment and Term of the Agreement

1. Each Contracting Party shall notify the other Contracting Party on the implementation of its internal procedures necessary for the entry into force of this Agreement. This Agreement shall enter into force on the date of the last of the two notifications.

2. This Agreement shall remain in force for a period of fifteen years. After this period, it shall remain in force for twelve months from the date on which either Contracting Party shall notify the other Contracting Party of its intention to terminate this Agreement.

3. This Agreement may be amended by mutual written consent of the Contracting Parties. Any amendment shall enter into force

After each Contracting Party shall notify the other Contracting Party on the implementation of all internal requirements for entry into force of such amendment.

4. With respect to investments made prior to the date of termination of this Agreement and covered by its action, the provisions of all other articles of this Agreement shall remain in force for a period of fifteen years after its termination date.

In witness whereof the duly authorized thereto have signed this Agreement in two copies, each in the English and Russian languages, both texts being equally authentic.

Done in Moscow on 23 November 1998.